

2022-05 | Responsible digital finance for RENACA (Product Upscaling)

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| Financial Sector Partner (FSP) | RENACA | SCBF Contribution | CHF 92,520 (67%) |
| Grantee | CIDR Pamiga | Matching Contribution | CHF 45,570 (33%) |
| Country | Benin | Theme | Financial resilience |
| Duration | April 2022 – October 2023 | Product | Digital financial services |
| Potential Outreach | 20,000 | Target Group | Low-income clients |
| Thereof Women | 56% | | |

CONTEXT

Benin has 15 banks, 112 SFDs (Système Financier Décentralisé, West African equivalent to MFIs), and two telecom operators that offer mobile money services. Financial inclusion has surged since 2015, due to the increasing adoption of digital finance solutions. Mobile money providers have capitalised on mobile penetration (about 84%) to build a very large market share and spearhead financial inclusion in Benin. In 2022, the Government of Benin adopted a National Financial Inclusion Strategy (SNIF). Financial education, consumer protection in financial services and the adaptation of legal frameworks with regard to the exercise of banking and financial activity in the current context are among the key focus areas for the SNIF.

RENACA is a Beninese MFI present in the southern and central regions of Benin. With technical assistance from CIDR PAMIGA, it initiated a digital transformation process in 2015. The first step was to digitise field operations in order to improve operational efficiency and build a reliable real-time data collection system with a marginal level of bias. A pilot has been successfully implemented, and currently is being deployed to all of RENACA's funds. At the same time, a second phase of digital transformation was launched in line with the medium and long-term strategic objectives. This second phase will mainly focus on the further scaling up of the field operations digitalisation solution, in addition to the deployment of a mobile banking solution. This project should allow to improve the client experience and quality of service, while strengthening RENACA's operational performance.

CURRENT STATUS OF THE FSP

RENACA (Réseau National des Caisses Villageoises d'Epargne et de Crédit Autogérées) is a Beninese microfinance institution headquartered in Bohicon, more than a hundred kilometres from Cotonou. Officially created in 2005, RENACA is a union of decentralized financial systems made up of 33 branches structured into 8 CAVECAs (regional union of banks), all approved and installed in 6 of the 12 administrative departments in the country. It intervenes mainly in rural areas and targets primarily women. As of December 31, 2020, the network has registered 182,657 members.

RENACA has kept innovating to serve its clients better, in areas such as savings collection, renewable energy finance, productive water finance, agricultural finance, digital finance, social performance management etc. Specifically on digital finance, RENACA has successfully deployed solutions to digitise processes and field operations in the first phase of the digital finance project. RENACA wishes to continue its digital transformation journey with the implementation of mobile banking to offer the opportunity to its members to interact with the institution (deposit operations, withdrawal, balance consultation, statement request etc.) simply from their cell phone. To do so, the institution intends to partner with the leading cell phone operator in the local market.

The support provided by SCBF will facilitate the deployment of mobile banking, while ensuring that risks are properly managed. The project also places emphasis on clients' protection and financial education, to ensure that they reap the benefits of digital finance.

OBJECTIVES AND MAIN ACTIVITIES

The project aims at rolling-out safe and responsible mobile banking services. To do so, the project's activities will include a technical component on RENACA's IT infrastructure, support in establishing partnerships with mobile operators, capacity building in risk management and client protection, and deployment of financial education content. Upon project completion, the financial institution should be in a position to offer a broad range of services (such as deposit or reimbursement collections and balance inquiries) accessible via clients' mobile phones. The aim is to reach at least 20,000 clients who will conduct financial transactions with RENACA through their phones, and 5,000 clients who will receive financial education.

Partnering with:

